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May 21, 1998

SENT VIA FAX TO (212)848-7179

Gilbert Kerlin, Esq.
% Sherman & Sterling
599 Lexington Avenue
New York, NY 10022

THIS IS THE ORIGINAL OF A
DOCUMENT TRANSMITTED BY FAX
ON THE 21 DAY OF May, 1998

Re: *Bull Valley LLC*
(Goldstrike Mine, Utah)

Dear Mr. Kerlin:

I promised to monitor reclamation work by USMX currently in progress at the Goldstrike Mine in southwestern Utah. Certain recent developments prompt me to write this report to you.

As I believe you already know from John Carroll, USMX got into financial difficulties and in the summer of 1997 was acquired as a wholly owned subsidiary by Dakota Mines. Reclamation work at the Goldstrike Mine has continued, albeit at a slow pace. It now seems that Dakota Mines is on the brink of bankruptcy. The Utah Division of Oil, Gas and Mining ("DOGM") became concerned that USMX's approximately \$800,000 cash deposit reclamation bond would become a target for Dakota Mines' other creditors. Also, Dakota Mines would like to improve its cash flow to do the reclamation work by tapping into these reclamation bond funds.

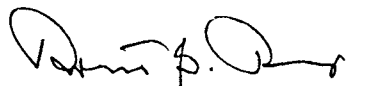
Dakota Mines and DOGM met and decided to have DOGM "forfeit the cash bond" and parcel out the funds to Dakota Mines to complete the remaining reclamation work. DOGM estimates that wind-up reclamation work will cost no more than \$1 million, and the remaining USMX bonds total \$1 million. Using the bond funds, Dakota Mines can speed up the reclamation work, and forfeiting the cash bond moves these funds further out of the reach of other creditors if, as anticipated, Dakota Mines files for bankruptcy. If Dakota Mines neglects or refuses to do the needed reclamation work, the remaining funds from the forfeited bond(s) can be used to hire a third party contractor. Everyone

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believes that Dakota Mines (who has personnel on site) can satisfactorily do the reclamation work for less expense than a third party contractor would bid to mobilize and do the same work.

The bottom line is that Dakota Mines will get cash flow to do the work on a much expedited basis, DOGM is better protected against other creditors in the event of a bankruptcy filing, and the work will get done faster and cheaper. I think this is a satisfactory arrangement for Bull Valley LLC, but I wanted to advise you, so that you can decide. Call me or Ron Willden if you need further information.

Very truly yours,



Robert G. Pruitt, Jr.

RGP:sh
0912.08

cc: John L. Carroll (via FAX to 212/664-6828)
Ron Willden (via FAX to 801/944-5513)

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